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OIL, GAS AND MINERAL LEASE

STATE OF TEXAS

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§

COUNTY OF TARRANT

THIS OIL, GAS AND MINERAL LEASE (this "Lease") is made effective as of March 19, 2007, between the undersigned person(s), whose name(s) and address appear on the signature page attached hereto as lessor (hereafter collectively called "Lessor", whether one or more), and **GLENCREST RESOURCES, LLC**, a Texas limited liability company (hereafter called "Lessee"), whose address is 2016 Evans Avenue, Fort Worth, Texas 76104.

1. **Grant.** For good and valuable consideration in hand paid, including services heretofore provided by Lessee and its promises and agreements contained herein, Lessor hereby grants and leases exclusively unto Lessee, for the purpose of investigating, exploring, prospecting, drilling and mining for, and producing oil, gas and all other minerals, all of the interests of Lessor in the following-described lands (the "Land"), to produce, save, take care of, treat, transport, and own said products located thereon or therein, and to inject gas, water and other fluids, and air into subsurface strata therein, said Land being legally described as:

A 1375 Tr 18D07, Shelby County
Land Surv, City of Everman, Tarrant
County, TX, AC 03200

2. **Primary Term.** Subject to the further provisions hereof, this Lease shall be in force for a term of three (3) years from the date hereof (the "Primary Term"), and shall continue in force for so long thereafter as oil, gas or other minerals are produced in paying quantities from the Land or lands pooled with the Land or a portion thereof.

3. **Surface Use Prohibition.** The grant and lease hereunder conveys no right to Lessee or Lessee's successors and assigns to utilize the surface of the Land for any purpose, but conveys the right to conduct drilling activities to penetrate below the surface of the Land at a depth no closer to the surface of the Land than 200 feet subsurface. For purposes of this Lease, a directional or horizontal well penetrating below the surface of the Land or lands pooled with the Land or a portion thereof shall be considered to be located on the Land.

4. **Royalty.**

(a) The royalties to be paid Lessor are:

(1) 25% of all oil (including distillate or condensate and other liquid hydrocarbons) produced and saved from the Land, the same to be delivered at the well or to the credit of Lessor into the pipeline to which the well or wells may be connected;

(2) 25% of the gross proceeds received by Lessee or any affiliated person or entity, directly or indirectly, upon the first sale of gas, including casinghead gas or other gaseous substances, produced from the Land in an arm's length transaction to an unrelated entity; and

(3) 25% of the market value of all plant products free of any processing cost, where gas is processed in a plant on or off the Land by Lessee or any affiliated person or entity; or if processed, but not by Lessee or any affiliated person or entity, 25% of that part of the actual proceeds received by Lessee, directly or indirectly, for the products of the processed gas that are allocable to the production from the Land.

(4) 25% of the market value, free of any processing cost, of such minerals other than oil, gas, and other liquid and gaseous hydrocarbons that may be produced from the Land.

(b) Lessor's royalty may not be charged, directly or indirectly, with any of the expenses of production, gathering, dehydration, compression, transportation, processing, treating, or marketing the oil and gas produced from the Land incurred prior to delivery of production off of the Land or with any of those expenses charged by an affiliate of Lessee after the point of delivery of the first sale, and all of those expenses shall be considered costs of production and not post-production costs. It is the intent of the parties that the provisions of this paragraph are to be fully effective and enforceable and are not to be construed as "surplusage" under the principles set forth in *Heritage Resources v. NationsBank*, 939 S.W.2d 118 (Tex. 1997).

(c) Lessee must disburse or cause to be disbursed to Lessor its royalty on production from a particular well not later than ninety (90) days after completion of the well, in the case of an oil well, or after the date

of first sales, in the case of a gas well, unless there is a good faith question as to title to the royalty interest hereunder. Thereafter, Lessee must disburse or cause to be disbursed to Lessor its royalty on the first day of the third month following the month of production. If not paid when due, Lessor's royalty shall bear simple interest at the lesser of twelve percent (12%) per annum or the maximum lawful rate, from the due date until paid, which amount Lessee agrees to pay.

(d) The receipt by Lessee from a purchaser or a pipeline company of proceeds of production for distribution to Lessor will not result in Lessee acquiring legal or equitable title to those proceeds, but Lessee will at all time hold the proceeds in trust for the benefit of Lessor.

(e) Notwithstanding anything stated in this Paragraph 4 to the contrary, in the event the amount realized from the sale of oil, gas, casinghead gas, residue gas or other products extracted therefrom is greater than the market value of such oil, gas, casinghead gas, residue gas or other products extracted therefrom, then the royalty shall be 25% of the amount realized in lieu of 25% of the market value.

5. **Shut-in Royalty.** If while there is a gas well on this Lease capable of producing in paying quantities, but gas is not being sold for a period of ninety (90) consecutive days, Lessee shall pay or tender in advance a shut-in royalty in an amount equal to a \$50.00 annual royalty per net mineral acre, with such shut-in royalty payment to be made no later than thirty (30) days following said 90-day period and thereafter at annual intervals while gas is not being sold. While such shut-in royalty payments are timely and properly paid, this Lease shall be held as a producing lease. The payment or tender of royalty under this paragraph may be made by the check of Lessee mailed or delivered to the parties entitled thereto.

6. **Force Majeure.** Lessee shall not be liable for delays or defaults in its performance of any agreement or covenant hereunder (other than any covenant or agreement which relates to the payment of money) due to force majeure, and upon Lessee giving notice and full particulars of such force majeure in writing to Lessor as soon as reasonably possible after the occurrence of the cause relied on, the obligations of Lessee, so far as they are affected by force majeure, shall be suspended during the continuance of any inability so caused by such force majeure and for no longer period; and such cause shall, as far as possible, be remedied with all reasonable dispatch. The term "force majeure" as used herein shall mean any act of God, including, but not limited to, storms, floods, earthquakes, landslides, lightening or any other cause beyond the reasonable control of Lessee, but does not mean the inability to obtain equipment or material, failure of a carrier to transport or furnish facilities or transportation or other cause within Lessee's control. This Lease is expressly made subject to, and Lessee in its operations hereunder shall comply with all applicable requirements of, all federal and state laws, and all rules and regulations of any governmental agency, state or federal, having jurisdiction of the premises, and nothing herein contained shall be construed as requiring Lessee to violate any such laws, rules or regulations, or to penalize Lessee for complying therewith. If Lessee is required, ordered, or directed by any federal or state law, or any order, rule or regulation of any governmental authority, to cease drilling, reworking, or producing operations on said land, or if Lessee by force majeure is prevented from conducting such operations, then until such time as such law, order, rule, regulation, or force majeure is terminated, and for a period of 120 days after such termination, each and every provision of this Lease or implied covenant arising thereunder that might operate to terminate this Lease, or the estate conveyed by it, shall be suspended and inoperative and this Lease shall continue in full force and effect during such period. If any period of suspension exists or occurs during the last twelve (12) months of the primary term, the time thereof shall be added to such term; provided, however, that in no event shall the term hereof be extended for a cumulative period of more than one(1) year solely by reason of this paragraph.

7. **No Warranties.** This Lease is executed by Lessor without any representation or warranties (of title, or otherwise), either statutory, express or implied. By acceptance of this Lease, Lessee acknowledges that it has been given full opportunity to investigate and has conducted sufficient investigation to satisfy itself as to the title to the Land, and Lessee assumes all risk of title failures. If Lessor owns an interest in the Land less than the entire fee simple estate, then the royalties and bonus payable hereunder shall be reduced proportionately. Lessor agrees that Lessee, at its option, may discharge any past-due or delinquent tax, mortgage or other lien upon the Land, either in whole or in part, and in the event Lessee does so, Lessee shall be subrogated to such lien to the extent of such payment, with the right to enforce said lien and with the right to apply royalties accruing hereunder toward satisfying the indebtedness such lien secures.

8. **Notices.** All notices shall be deemed given and reports shall be deemed delivered if sent by certified letter, properly addressed and deposited in the United States mail, postage prepaid, to Lessor at the addresses shown on the signature pages and to Lessee at the address shown above, or such new address as may be furnished by written notice to Lessor hereunder.

9. **Indemnity.** LESSEE AGREES TO INDEMNIFY AND HOLD HARMLESS LESSOR, AND LESSOR'S REPRESENTATIVES, SUCCESSORS, AND ASSIGNS AGAINST ALL EXPENSES, CLAIMS, DEMANDS, LIABILITIES, AND CAUSES OF ACTION OF ANY NATURE FOR INJURY TO OR DEATH OF PERSONS AND LOSS OR DAMAGE TO PROPERTY, INCLUDING, WITHOUT LIMITATION, ATTORNEYS' FEES, EXPERT FEES, AND COURT COSTS, CAUSED BY LESSEE'S OPERATIONS ON THE LAND OR LESSEE'S MARKETING OF PRODUCTION FROM THE LAND OR ANY VIOLATION OF ANY ENVIRONMENTAL REQUIREMENTS BY LESSEE. AS USED IN THIS PARAGRAPH, THE TERM "LESSEE" INCLUDES LESSEE, ITS AGENTS, EMPLOYEES, SERVANTS, CONTRACTORS, AND ANY OTHER PERSON ACTING UNDER ITS DIRECTION AND CONTROL, AND ITS INDEPENDENT CONTRACTORS.

10. **Lessee's Right to Terminate.** Lessee may at any time and from time to time execute and deliver to Lessor or file for record a release or releases of this Lease as to any part or all of the Land or of any mineral or horizon thereunder, and thereby be relieved of all obligations hereunder as to the released acreage or interest.

11. **Rework; Dry Hole.** If at the expiration of the Primary Term of this Lease, oil, gas, or other minerals are not being produced from the Land or lands pooled with the Land or a portion thereof, but Lessee is then engaged in drilling or reworking operations, this Lease shall remain in force so long as drilling or reworking operations are prosecuted (whether on the same or different wells) with no cessation of more than sixty (60) consecutive days, and if they result in production, so long thereafter as oil, gas, or other minerals are produced from the Land or lands pooled with the Land or a portion thereof. If production of oil, gas, or other minerals on the Land or lands pooled with the Land or a portion thereof should cease from any cause after the Primary Term, this Lease nevertheless shall continue in full force and effect as long as additional drilling operations or reworking operations are conducted on the Land or lands pooled with the Land or a portion thereof, which additional operations shall be deemed to be had when not more than sixty (60) days elapse between the abandonment of operations on one well and the commencement of operations on another well and, if production is obtained, this Lease shall continue as long as oil, gas, or other minerals are produced from the Land or lands pooled with the Land or a portion thereof, and as long thereafter as additional operations, either drilling or reworking, are had on the Land or pooled lands in accordance with this provision. In the event a well or wells producing oil or gas in paying quantities should be brought in on adjacent land and within 330 feet of and draining the leased premises, Lessee agrees to drill offset wells as a reasonably prudent operator would drill under the same or similar circumstances. The judgment of the Lessee, when not fraudulently exercised, in carrying out the purpose of this Lease shall be conclusive.

12. **Pooling.** Lessee, its successors and assigns, at its option, at any time and from time to time, and without Lessor's joinder or further consent, is given the right and power to pool all or any part of the Land or any interests covered by this Lease, as to oil, gas, condensate or distillate, or any of them, or either of them, with any other land, interests, lease or leases, or any of them, adjacent to, adjoining, or located in the immediate vicinity of the Land, when in Lessee's judgment it is necessary or advisable to do so in order to efficiently develop or operate the Land in compliance with the spacing rules of the Railroad Commission of Texas or other lawful authority, or when to do so would, in the judgment of Lessee, promote the conservation of oil and gas on the Land, the pooling to be into a well unit or units not exceeding forty (40) acres for oil plus an acreage tolerance of ten percent (10%), and not exceeding six-hundred-forty (640) acres for gas plus an acreage tolerance of ten percent (10%), subject to the following sentence regarding horizontal wells, however, and further provided that should the governmental authority having jurisdiction prescribe or permit the creation of units larger than those specified, units may be created or enlarged to conform substantially in size with those prescribed or permitted by governmental regulations. Notwithstanding anything to the contrary stated herein, a unit for a horizontal well may include (i) the amount of acreage allowed for obtaining a permit to drill a well under the spacing and density provisions in the applicable field or statewide rules for a vertical well-bore, plus the additional acreage listed in the tables in Rule 86 for the length of lateral actually utilized by Lessee, or (ii) the amount of acreage allowed for obtaining a full production allowable under the applicable field or statewide rules for a vertical well-bore, plus the additional acreage listed in the tables in Rule 86 for the length of lateral actually utilized by Lessee. Lessee may pool all, and not less than all, of the Land or interests described above, provided that, as to oil or gas in any one or more strata, any units formed need not conform in size or area with the unit or units into which the Lease is pooled or combined as to any other stratum or strata, and oil units need not conform as to area with gas units. The pooling in one or more instances shall not exhaust the rights of the Lessee to pool the Land, or any portion of the Land, into other units. Lessee shall execute in writing and file for record in the county or counties where the Land is situated an instrument designating and describing the pooled acreage, which pooling and designation may be accomplished either before or after a well or wells are drilled or completed on the unit. The entire acreage so pooled into a unit shall be treated for all purposes, except the payment of royalties, overriding royalties or payments out of production, as if it were included in this Lease; and drilling or reworking operations, production of oil or gas, condensate or distillate, cessation of production, or the existence of a shut-in gas well, shall be considered for all purposes, except the payment of royalties, as if the operations were conducted, or the production or cessation of production or existence of a shut-in gas well were on the Land, whether or not the well or wells be located on the actual Land itself. In lieu of the royalties, overriding royalties or payment out of production, if any, specified in this Lease, Lessor shall receive from a unit only the portion of the royalty, overriding royalty or payment out of production, if any, as the amount of the surface acreage of the Land placed in the unit bears to the total surface acreage pooled in the particular unit involved. Shut-in gas royalties with respect to unit shut-in gas wells shall be payable in accordance with the provisions and in the amount set forth in this Lease. Should any unit created by the terms of this Lease contain less than the maximum number of acres specified or allowed, then Lessee may at any later time, whether before or after production is obtained on the unit, enlarge the unit by adding additional acreage, but the enlarged unit shall in no event exceed the acreage content specified or allowed. In the event an existing unit is enlarged, Lessee shall execute and file for record in the county or counties in which the Land is located a supplemental designation and description of the land added to the existing unit; provided, that if the supplemental designation and description is not filed until production is obtained on the unit as originally created, then and in that event the supplemental designation and description shall not become effective until the first day of the calendar month next following the filing. At any time, for any reason, or in the event the well or wells drilled on any unit shall fail to produce oil or gas, or in the event the production from any well or wells shall cease, Lessee may terminate any unitized area. A termination may be accomplished by filing for record in the county or counties where the lands are located proper instruments evidencing that termination.

13. **Assignment.** The rights of either Lessor or Lessee may be assigned in whole or in part, and the provisions of this Lease shall extend to the heirs, executors, administrators, successors, and assigns of the Lessor and Lessee, but no change or division in ownership of the Land or royalties, however accomplished, shall operate to enlarge the obligations or diminish the rights of Lessee or impair the effectiveness of any payment previously made by Lessee. No change or division in the ownership of the Land or royalties shall impair the effectiveness of any payment previously made by Lessee or be binding on Lessee for any purpose (and irrespective of whether Lessee

has either actual or constructive knowledge) until sixty (60) days after the person acquiring any interest has furnished Lessee with the instrument or instruments or certified copies of them, constituting the person's chain of title from the original Lessor. In the event of an assignment hereof in whole or in part, liability for the breach of any obligation hereunder shall rest exclusively upon the owner of this Lease or portion thereof who commits such breach. In the event of the death of any person entitled to royalties hereunder, Lessee may pay or tender such royalties to the credit of the deceased or the estate of the deceased until such time as Lessee is furnished with proper evidence of the appointment and qualification of an executor or administrator of the estate, or if there is none, then until Lessee is furnished with evidence satisfactory to it as to the heirs or devisees of the deceased and that all debts of the estate have been paid. If at any time two or more persons become entitled to participate in the royalties payable hereunder, Lessee may pay or tender said royalty jointly to such persons or, at Lessee's option, the proportionate portion of said royalty to which each participant is entitled may be paid or tendered to him or her separately, and payment or tender to any participant of his or her portion shall maintain this Lease as to such participant.

14. **Breach.** In the event that Lessor considers that operations are not at any time being conducted in compliance with this Lease, Lessor shall notify Lessee in writing of the facts relied upon as constituting a breach hereof, and Lessee, if in default, shall have sixty (60) days after receipt of such notice in which to commence compliance with the obligations imposed. After the discovery of oil, gas or other minerals in paying quantities on the Land or lands pooled with the Land or a portion thereof, Lessee shall develop the acreage retained hereunder as a reasonably prudent operator but in discharging this obligation it shall in no event be required to drill more than one well per forty (40) acres of the area retained hereunder and capable of producing oil in paying quantities and one well per 640 acres, plus an acreage tolerance not to exceed ten percent (10%), of the area retained hereunder and capable of producing gas or other minerals in paying quantities.

15. **Miscellaneous Provisions.**

(a) In the event this Lease expires for any reason as to all or any part of the Land, Lessee shall upon request furnish Lessor with a written, recordable release covering all of the Land or that portion of the Land to be released.

(b) Nothing in this Lease negates the usual implied covenants imposed upon Lessee.

(c) Paragraph headings are used in this Lease for convenience only and are not to be considered in the interpretation or construction of this Lease. The execution or ratification by Lessor of any division order, gas contract, or any other document will not alter any provision of this Lease unless the intent to do so is expressly stated in the document.

(d) This Lease is binding upon and for the benefit of Lessor, Lessee, and their respective heirs, personal representatives, successors, and assigns.

(e) At all times while this Lease is in force, Lessee shall acquire and maintain insurance covering all of its operations on the Land, including any work performed on its behalf by contractors, subcontractors, and others. The policies shall include coverage for comprehensive general liability, for bodily injury and property damage, blowout and loss of well coverage, and coverage for any damage to the environment, including coverage for the cost of clean-up and surface remediation. The coverage shall be in not less than a minimum amount of \$2,000,000.00

16. **Counterpart Execution.** Executed signature pages from different originals of this instrument may be combined to form a single original document for recording purposes. This document shall be binding upon any party executing same, and binding upon Lessee by its acceptance hereof.

LESSOR:

Signed: Remedios Mendoza

Name: Remedios Mendoza
Remedios Mendoza

Signed: Francisco Mendoza

Name: Francisco Mendoza
Francisco Mendoza

ADDRESS: Noble
206 Hottle Ave
Everman TX 76146
(817) 551-9426

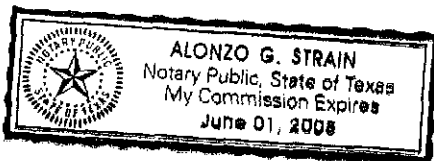
MAILING ADDRESS: _____

STATE OF TEXAS §
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COUNTY OF TARRANT §

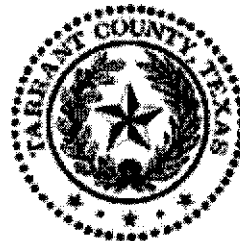
Before me, the undersigned authority, on this day personally appeared Francisco Mendoza Remedios Mendoza, known to me to be the person(s) whose name(s) is/are subscribed to the foregoing instrument and acknowledged to me that he/she/they executed the same for the purposes and consideration therein expressed.

Given under my hand and seal of office this 19 day of March, 2007.

Alv
Notary Public, State of TEXAS
My Commission Expires: 6-1-08

(Notary Seal)


After recording return to:
Thunderbird Oil & Gas, LLC
515 Fourth Street
Graham, Texas 76450



THUNDERBIRD OIL & GAS LLC
515 FOURTH ST

GRAHAM TX 76450

Submitter: THUNDERBIRD OIL & GAS LLC

SUZANNE HENDERSON
TARRANT COUNTY CLERK
TARRANT COUNTY COURTHOUSE
100 WEST WEATHERFORD
FORT WORTH, TX 76196-0401

DO NOT DESTROY
WARNING - THIS IS PART OF THE OFFICIAL RECORD.

Filed For Registration: 04/06/2009 09:40 AM
Instrument #: D209090316
R 6 PGS \$32.00

By:  _____



D209090316

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